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Celsius Holdings, Inc. Q1 2015 Conference Call Transcript - Second Consecutive Quarter Of Profitability On Record Revenues

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Summary

- The turnaround which began in late 2011 is now solidly in place and producing strong revenues and profits.
- The successful testing of Celsius in 20 Target stores leads to expansion to now include 150 Target store locations.
- New product flavors including Lemonade Tea and Sparkling Pineapple Lemon were formulated for Lifetime Fitness and Whole Foods Market.
- A recent round of \$15.95 million in financing from a group of global business icons includes Mr. Li Ka-Shing, Asia's richest individual, and Def Jam recordings founder Russell Simmons.
- The expansion of distribution in the Health and Fitness channel continues with the recent addition of all corporate locations of Gold's Gym.

Celsius' (NASDAQ:[CELH](#)) shareholders have good reason to celebrate.

After recently announcing that the company has attracted [financing](#) from a group of global business icons which includes Mr. Li Ka-Shing, the richest individual in Asia, purported to be worth \$31.9 billion, Mr. Russell Simmons,

founder of the Def Jam Recording label, and Ms. Kimora Lee Simmons, a powerful fashion figure known for her ability to market and promote new brands - the company on Monday morning reported that it had [reached profitability](#) for the second consecutive quarter on record revenues of \$4.65 million.

In addition to reporting strong revenues and profits, the company also saw its margins for the quarter improve to 39.5% from 35.8% just a year ago.

Celsius' management also reinstated their previous practice of hosting a conference call shortly after announcing quarterly financial results to give investors some additional insights into the business and what the strategic business plan looks like going forward.

Our takeaway from this conference call is that there continues to be a number of very positive factors on both the domestic, as well as the international front, that will continue to positively impact the company going forward.

Among these factors are: increased distribution in new retail channels including Target, the addition of premier health and fitness companies (Lifetime Fitness and Gold's Gym), two new flavors to attract organic grocery store retailers such as Whole Foods Market ([WFM](#)), Halal certification for the product, record revenues, margin expansion, a strong balance sheet with the addition of \$16 million in fresh capital to execute on the company's strategic business plan provided by high-profile global icon investors Li Ka-Shing, Russell Simmons and Kimora Lee Simmons.

The company's massive turnaround is especially gratifying given the fact that after losing \$19 million on \$8.2 million in revenues in fiscal year 2010, Celsius Holdings, Inc. was literally in danger of going bankrupt.

As profiled in an article in [Retailing Today magazine](#), just about a year ago, the company has literally come back from the brink.

Celsius Holdings, Inc. also benefited from appearances in some very prominent business publications during the first quarter of 2015. [Forbes Magazine](#), [The Wall Street Transcript](#), and [Investor's Business Daily](#) all carried articles about the company, its products and the changing trends taking place in the food and beverage industry.

All things considered, it has been another solid quarter for Celsius Holdings, Inc. As CEO Gerry David pointed out on the conference call:

The ship has turned here at Celsius. We are moving quickly and smartly to building the next great company in the beverage industry.

A transcript of Monday's Q1 2015 conference call may be found below. If you prefer to listen to a replay of the call, you may access an audio replay [here](#).

Operator: Greetings, and welcome to the Celsius Holdings, Incorporated, first quarter 2015 financials conference call. At this time, all participants are on a listen only mode.

The agenda of the call is as follows: First, Safety Harbor Disclosure by Mr. John Fieldly, Chief Financial Officer of Celsius Holdings. Second, opening commentary by Mr. Gerry David, Chief Executive Officer for Celsius Holdings. Third is our financial results from Mr. Fieldly. And fourth is the Celsius insight from Mr. David. A brief question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star-0 on your keypad. As a reminder, this conference is being recorded.

It is now my pleasure to introduce Mr. John Fieldly, Chief Financial Officer for Celsius Holdings. Please go ahead, Mr. Fieldly.

John Fieldly: Thank you, and good afternoon, everyone. We appreciate you joining us today to discuss Celsius Holdings' first quarter 2015 results. Joining me on the call this afternoon is Gerry David, Celsius Holdings' Chief Executive Officer. Following our prepared comments, we will open the call to your questions, and instructions will be given at that time. While I expect most of you have reviewed our earnings material by now, I will note that we filed our quarterly reports with the OTC Markets and issued a press release, and all of this information is available on our website, at Celsius.com, in the investor relations section.

Before I turn the call over to Gerry, let me cover some housekeeping items. As a reminder, the audio replay will be available later today. Please also be aware that this call may contain forward looking statements which are based on forecasts, expectations and other information available to

management as of May 11, 2015. These statements involve numerous risks and uncertainties, including many that are beyond the company's control, and except the extent required by applicable law, Celsius Holdings undertakes no obligation, and disclaims any duty to update any of these forward looking statements. We encourage you to fully review our Safety Harbor Disclosures contained in Thursday's press release, and our quarterly filings with the OTC Markets for additional information.

With that, I would now like to turn the call over to Gerry David, Celsius Holdings' Chief Executive Officer, for his prepared comments.

Gerry David: Thank you. Significant milestones were achieved with record first quarter revenues growing to 4.65 million dollars. Growth in existing international accounts highlighted the success of our second consecutive profitable quarter. Sales at the cash registers were up significantly. Although domestic revenues were affected by increases in promotional allowances and the timing of customer replenishment systems, domestically, Amazon.com sales broke monthly sales records in February, followed by a new record in March. Our recent expansion in the corporate owned Gold's Gym locations, and product expansion in Vitamin Shoppe, reflect our continued growth in the health and fitness channel. Distribution into national and regional grocery chains, as well as convenience stores throughout the United States continues to expand. As we leverage our recently announced strategic partnership and equity investment led by Horizon Ventures, Mr. Russell Simmons, and Ms. Kimora Lee Simmons, we believe that this will broaden our reach across consumer channels, and will further strengthen our position in both domestic and global markets.

I will now turn the call over to Mr. John Fieldly, Chief Financial Officer of Celsius Holdings, to provide a recap of our first quarter financials.

John Fieldly: Thank you, Gerry. For comparative quarters, revenue in the first quarter of 2015 increased by 782,000 dollars, or 20%, to a record revenue of 4.65 million dollars, as a result of a 39% growth in existing international revenues. Domestic revenues decreased by 6% as a result of increases in promotional allowances, increasing 97,500 dollars to 373,500 dollars, approximately, during the quarter. The accounting impact of these promotional allowances is a direct offset to gross revenue. In addition, domestic revenues were impacted by timing of customer replenishment systems during the quarter.

systems during the quarter.

However, we are receiving feedback from customers that actual retail sales at the registers and distributors are showing positive growth versus the prior period. Gross profit margins for the first quarter increased to 39.5%, from 35.8% in the first quarter of 2014.

We continue to focus on cost-saving initiatives and efficiencies to improve gross profit margins. Operating expenses in the first quarter decreased to \$1.46 million, from \$1.94 million in the prior year, primarily due to a 39% decrease in stock-based compensation expense, and a 50% decrease in marketing expenses associated with timing differences in celebrity endorsements and timing of marketing programs. These operating expenses as a percent of revenue decreased to 31% for the quarter, down from 50% in 2014.

Net profit for the quarter, and in March 31, 2015, improved to 213,000 dollars, or one cent per share, compared to a loss of 703,000 dollars or three cents per share a year ago.

This is a consecutive profitable quarter for Celsius Holdings. This is a result of increases in revenues combined with improved gross profit margins, and reduced operating expenses. Operating expenses also include non-cash expenses, including depreciation, amortization, and stock-based compensation, which totaled 181,000 dollars, compared to 287,000 dollars last year, respectively.

Now turning to our bound sheet. As of March 31, 2015, we had working capital of \$3 million, and cash and cash-equivalent approximately 233,000 dollars. At this time, including our recent round of strategic financing recently disclosed on April 21, we believe we have sufficient cash and cash-equivalent to meet our anticipated cash needs for December 31, 2015. Cash provided in operations during the three months ending March 31, 2015, was 801,000 dollars, compared to cash used in operations of 1.4 million dollars in the prior year, primarily due to increases in accounts receivable from higher sales in the first quarter of 2014, and decreases in inventory due to timing of production.

We also have an asset-based credit facility for working capital needs. During the first quarter of this year, we paid down our credit facility by 000 000 dollars. As of the end of the quarter, our eligible borrowing base

500,000 dollars. As of the end of the quarter, our eligible borrowing base, as of that date, was approximately 1.25 million dollars.

I'll now turn the call back to Gerry for his closing remarks.

Gerry David: Thank you, John. On today's call, I will be providing insight into the following areas: where we've come from, marketing strategies, operations, domestic sales, international sales, and our new strategic investors group, announced on April 21st.

A little over three years ago, we embarked on the turnaround of Celsius Holdings. We brought in a new management team that provided the experience and the knowledge of the challenge presented. We created new branding for the Celsius product, a new look, and packaging that presented us as a premium product. We launched a single strategy that provided the consumer a lower price point for entry, and to be able to sample our product easier. Prior to the single strategy, the consumer had to spend between 8 and 10 dollars in a 4-pack configuration to have the opportunity to experience the benefits of the Celsius product. The company, for years, had utilized a thin-and-wide sales and marketing approach, where the company's sales organization established national distribution that the marketing organization could not support.

As part of the turnaround, we implemented the marketing and sales strategy, that is, what we call the "drill-deep" approach. We focus our marketing balance and our field support teams in five major markets. By having this laser focus, it provided for a greater opportunity to get some momentum in these markets. We also moved away from traditional marketing such as print ads, television commercials and radio ads, which are costly, hard to quantify effectiveness, and do not allow real-time change. We embraced the social, digital media platform as our primary method for getting the Celsius brand message out. The digital marketing platform allows us to do real-time analysis and performance of our advertising. It also provides us the opportunity to do A and B testing, and then directing our spend to the best performing initiatives immediately. Our digital marketing programs are driven by specific demographics and our geo-targeting in our drill-deep markets.

On the operations side, we opened up our second plant in the US, that provides us redundancy and availability while maintaining the highest

quality. We also established manufacturing in Dusseldorf, Germany. It provides product to our Swedish partner, and will shortly be providing product to our partner in the Middle East, Ull. Our German production facility is positioned to provide the Celsius product EU-wide. We moved our US warehousing to a major facility in Indianapolis that provides us with a central location for distribution, delivery direct to our retail partners on dedicated trucks, lowering our cost, and reducing damage.

Domestic sales remain strong in all sectors. Retailers and distributors, in anticipation of our price increase effective January 1st, placed orders in December to take advantage of the lower price point. Severe weather impacted all of our retailers during the first quarter, yet as reported by our retail partners, sales of Celsius were significantly up at the cash register during Q1. We expanded a number of SKUs in our retail partners and increased our retail footprint. Celsius launched a new freestanding POS display program that provides for additional off-shelf placement and signage. It is showing early promise.

Our health club channel continues to grow at a very fast pace, with the addition of all corporate locations of Gold's Gym and the recent order by Lifetime Fitness that ships this week to all of their locations. Our sales at 24 Hour Fitness continues to be strong, where our product offering is singles, 4-packs, and 12-count cases. Sales through our health club industry distributors Sportek, Europa, and Lone Star, remain strong.

We see Amazon.com as a strong indicator of acceptance of our Celsius brand and the effectiveness of our marketing. Our partnership with Amazon.com is in sync with our social, digital marketing strategy. During Q1, we had record revenue months in February and March on Amazon. The product review process on Amazon provides us with very insightful information regarding how our product is resonating with the consumer. Our product remains one of the highest ratings, and is one of the most reviewed products in our category.

Target tested a new healthy products set within the beverage category in 20 retail locations. Celsius was the number 1 performer in the set, and has been expanded to 150 Target locations.

Our international business continues to play a key role in our growth. Our Swedish partner, People's Choice, saw 39% growth during Q1. According to

Euromonitor, the Celsius brand in Sweden is the number one fitness beverage, and the fastest growing energy product in the country. Celsius Sweden recently announced its seventh flavor, pear, which sold out its first two manufacturing runs before even hitting the store shelves. Our success in the Swedish market has generated interest in our brand throughout the EU.

Moving to another part of the world, Celsius launched in Brazil on November 25, last year. Our Brazil partner, Latco, has since established sub-distributors in four states. The country of Brazil is experiencing a severe economic downturn, yet the interest in our brand remains very high. Our Brazil product ambassador, Emerson Fittipaldi, two time Formula One World Champion and IndyCar Champion, is fully engaged with the brand and is working hand-in-hand with Latco towards our success in Brazil.

Early last year, we signed a 5-year distribution agreement with our partner in Dubai, Ull, founded by the ruling family of Dubai. Ull worked closely with the Celsius team in securing Halal certification and registration in the Middle East. Achieving Halal certification was no easy task, requiring a reformulation of our product. Halal certification provides Celsius greater access to full distribution in the Middle East. Ull is in discussions with distributors in several Middle Eastern countries, and has already shipped product to Kuwait.

I would like to spend a few minutes and talk about our new strategic partnership which was announced on April 21st. It is important to note that Mr. Carl Desantis remains as the single largest shareholder in Celsius Holdings. Mr. Desantis affirmed his continued belief and commitment to Celsius by his conversion of 4 million dollars in debt to Celsius shares. Celsius had not been seeking financing for business, and was approached by the investors group. The strategic investor group is led by Horizon Ventures from Hong Kong, Mr. Russell Simmons, and Ms. Kimora Lee Simmons. Horizon Ventures is the personal investment arm for Mr. Li Ka Shing, Asia's wealthiest individual for the past 17 years. Mr. Li's vast business influence will provide Celsius significant opportunity for global expansion. Russell Simmons is a business icon who has created industries, and has built several companies. Kimora Lee Simmons reaches beyond her celebrity status. Ms. Simmons is a brand builder, and has led the creation of several successful companies. Russell and Kimora's influence and

consumer reach to the urban culture was demonstrated last week, where within 36 hours of our announcement of this new strategic partnership, over 300 million impressions were generated to consumers regarding the Celsius brand. Sports, music, movies, and television celebrities shared the Celsius brand to all of their followers.

The urban culture is a state of mind, rather than a geographic place. This group has effectively built companies and industries. They are true innovators who directly or indirectly influence an annual spend of up to 3 trillion dollars. Their demographic profile consists of 20% African American, 70% Caucasian, and 10% all other ethnic groups. Key influencers in this urban culture include people like Will Smith, Jennifer Lopez, Mark Wahlberg, Queen Latifah, Mary J. Blige, Flo Rida, and many others. The urban culture has a steady income, they're health conscious, they're early adopters and heavy influencers, and are very active on social media. The goal of Celsius in conjunction with Russell Simmons and Kimora Lee Simmons, is to have the urban culture individuals to want to make Celsius a part of their daily lifestyle. We want this urban culture group to have a sense of ownership of the Celsius brand. Our core strategy of helping an individual accelerate their transformation, whether it be weight loss, fitness, or a healthier active lifestyle, through the consumption of Celsius, remains consistent. The strategic partnership with Russell Simmons and Kimora Lee Simmons will only compliment Celsius' relationship with Multi-Platinum music artist and brand ambassador Flo Rida.

The ship has turned here at Celsius. We are moving quickly and smartly to building the next great company in the beverage industry. We appreciate your support and commitment to Celsius. Thank you for taking the time today to be a part of this conference call. I will now turn it back to the operator for the Q and A session.

Operator: Thank you. Ladies and gentlemen, at this time we will be conducting a question and answer session. If you would like to ask a question, you may press star-1 on your telephone keypad. A confirmation tone will indicate your line in the question queue. You may press star-2 if you would like to remove yourself from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star key.

One moment while we poll for questions.

Our first question comes from the line of Kevin Plunkett from Triple Crown Homes. Please proceed with your question.

Kevin Plunkett: Hello, Gerry, and John, and all the listeners. First of all, congratulations on a second profitable consecutive quarter. Very, very exciting. Pass the words on to Carl Desantis that I'm appreciative that you stayed the course, and we have some really good things at Celsius, I think.

I'm a private investor, and I just have one question for you, and that is: are you doing the digital marketing and the drilling deep in the other countries?

Gerry David: No - this is Gerry - actually, believe it or not, a lot of the other countries we're in, they do not have Pandora, as an example. They do not have certain other platforms. Here in the US we use Pandora, and we geo-target. We also do it by demographics. We also make a buy on Facebook sites that are related to fitness, wellness and so on. A lot of those countries are not up to speed on that. They utilize other methods of distributions, of promotions within their culture, but at this time we personally are not using that, and our partners are not. They do have Facebook sites that they will talk about their product in. They utilize Twitter and some other vehicles in those countries. And our relationship with our partners in those countries, it is their responsibility for providing all of the marketing support and marketing programs, and they're doing a very effective job, but they do not use the same systems and so forth that we use here.

Kevin Plunkett: Also, could you shed a little bit of light on Target? Are they - the 150 locations - are they in your prime target, or did Target select which locations to put Celsius into?

Gerry David: Target selected the locations to put them into. And first, phase one was 20 locations. They were mainly in the California market, the test market, where they put in this new set that they have in the beverage area. And then, after our outstanding performance, we were then expanded to 150, but they're not all relegated within our drill-deep areas.

Kevin Plunkett: And one more, last question, is regarding Publix. You didn't mention Publix in the domestic market. Are things still going well there between you and them?

Gerry David: Our Publix business is doing very, very well. We're in approximately close to 1000 locations at Publix. We've actually been testing in many locations the new floor display, which is just a great, off-shelf opportunity for us, and they've been performing outstanding in the stores. A second location within the store for getting our product out, and presenting our product. So, yeah, Publix is doing very well.

Kevin Plunkett: Okay. Thanks very much, and congratulations again on the second profitable consecutive quarter, and I'm sure there are going to be many more. Bye.

Gerry David: Thank you, Kevin.

Operator: As a reminder, ladies and gentlemen, it is star-1 to ask a question.

Our next question comes from the line of Antony Sisty, a private investor. Please proceed with your question.

...Antony your line is live... Do you have us on mute on your side?

Antony Sisty: Good afternoon, my name is Antony, I just wanted to say congratulations on turnarounds taking place over the last few years. It's been incredible to watch, and actually surprising that the OTC at the registers has taken so long to catch on. One of the questions that I have is that last week I noticed that - I'm an investor and a consumer - there was a substantial increase in prices on Amazon. I guess I wasn't sure if there was a reason for the large increase, and if there were any worries about losing current customers that buy in bulk there, or if there would potentially be a barrier with the increase in price.

Gerry David: This is Gerry, I'll answer the question. The relationship we have with Amazon... Obviously, there's most people that are on Amazon, they put up their own product on the site, and then they handle their own fulfillment of the product. Our relationship with Amazon is that they actually purchase our product from us. They pick it up from our warehouse, and deliver it themselves to their own distribution centers. They do all the marketing on Amazon, and they handle all of that. They own the product, therefore, they are in control of the pricing.

I do not like seeing when the pricing on a case of our product is 18 dollars

one week and then three weeks later it can be 31 dollars for several days. We don't like that. We've brought it to their attention. They work on an algorithm system, and the algorithm actually goes out to the market - it scours the market for similar and pricing - and then they come back and the systems adjust the pricing. It's not done by a human being, it's done by a computer.

Actually, we are looking at other opportunities to potentially present our product on Amazon on our own, and having the fulfillment done outside of Amazon where we can control the pricing. I do agree with you, in my mind, that we've heard this from some consumers, and that obviously, as a consumer, it's not a great experience to have your price increase like that when you're buying it on a regular basis.

The one advantage at Amazon Presents is their ability to ship a heavy product like ours at a very, very low price. I mean, it's very hard to compete with that. So, these are things that we're evaluating at this time, and we'll make a decision. And we're continuing to try to work with Amazon in trying to handle this issue with the pricing going up. One other positive thing about Amazon is that because they handle all the credit card transactions, the integrity of that data is protected by them. They have the resources to protect the integrity of that data, and in today's world, that's very important. But we are looking at that issue and trying to come up with an alternative for it.

Antony Sisty: All right, thank you.

Gerry David: Thank you.

Operator: Our next question comes from the line of Will Lowe, a private investor. Please proceed with your question.

Will Lowe: Good afternoon, gentlemen. Mr. David, I just had a couple questions for you when I saw your recent strategic partnership with Mr. Simmons. I saw him on Bloomberg TV, and he said something about he was going to be involved in revamping the product. I've been a consumer of Celsius since it came to the marketplace, and it went through a couple little product tweaks over the years, and of course, the product is now what I think is in the process of becoming a mainstream product instead of a niche product. So what was Mr. Simmons making reference to? Was there

something about new products to hit that urban market, or where were you going with that?

Gerry David: Great, thank you for the question, because I had an immediate reaction when Mr. Simmons made that comment, and we had a conversation afterwards. We are not, in any way... The product that we have out on the marketplace, we are not changing or reformulating at all. The product tastes great. It provides a great solution to our consumers and that remains the same.

What Russell was referring to in that comment was that the product we just shipped to Lifetime Fitness - I'll announce it right now on the call - has two new flavors. The sweeteners that we used in those flavors is our all-natural sweeteners. One is a lemonade tea, and the other one's a sparkling pineapple lemon. The reason we developed these two products - they just came off the manufacturing run last week - was to fulfill the need and the requirement by specific companies. Lifetime Fitness, as an example, requires that the product be completely natural, and that was the only ingredient in our current product that's not a natural ingredient. So, we agreed to produce the product. They ordered the product. It shipped, actually, today, to all of their locations.

The other one that obviously we can go into, because they had the requirement, would be Whole Foods. So, it opens the door for us now to get into all of the natural products space with those two SKUs. My intent is not to... These products are not going to compete with each other on the shelf. They have their own life. They will be directed to markets that absolutely require certain specifications on the product, like I just described for Lifetime Fitness, and it allows us to expand our product where we otherwise could not get into.

Will Lowe: And you said the other flavor is a pineapple lemon and a lemon iced tea?

Gerry David: It's a lemonade tea, and a sparkling pineapple lemon. So one is carbonated and one is non-carbonated.

Will Lowe: Okay, and so, one other question. You didn't mention anything... Okay, your strategic partner, one of them is the wealthiest man in China, or, excuse me, in Asia. So is there any plan... You didn't touch anything about

the Far East or China or in the distribution there. Is there anything you can give us - insight - where that's going, where China's going? And in other South American markets, is Celsius going to get penetration in those markets as well?

Gerry David: I can't discuss at this time any of the plans going forward. I think that knowing that we're partnered with Horizon Ventures, and Mr. Li Ka-Shing, and if you could go research on your own Mr. Li's holdings and so forth, I think you can see that there's potential opportunity there, and we're very happy to be in partnership with him. As it relates to South America, our focus right now is in the Sao Paulo area of Brazil at this time. There's 14 million people that live there and we need to get our feet wet first with Latco. Latco's a very, very large partner for us down there, but they need to walk before they run, and they need to get the product seeded there first, and then continue to grow with the rest of Brazil, would be the plan, in Rio de Janeiro. We actually have distribution we're setting up now in Rio de Janeiro through Latco.

Will Lowe: And then I had one other question on the financial. Do you anticipate - okay, you had two consecutive quarters of back-to-back profits. Do you anticipate that for 2015, that we as private investors who have stayed the storm, through this - I mean, it's been a storm for many among our investors, because some of us from 2008 and 2009 have been through the storm, but we love the product, and we believed that when Mr. Desantis stepped in as a primary shareholder of the company, that he didn't come in there just to have a short turnaround or do a quick flip or anything. We saw him as a visionary, and we saw him as someone we want to stay in partners with, at least myself and many of the people that I know that still own the shares. So do you think, for 2015, this is going to be the year the company at the end of 2015, for the year you guys were profitable, and we see it as a company that all of the sudden, now not only is it a mainstream product, but it's a good investment?

Gerry David: I think you have to look at the trends and what we've done over the past three years. I think you have to look at all of the changes we've made, and for the good, and I think you have to look at the track and power performing...

Will Lowe: I definitely applaud what you're doing, and I definitely am thrilled, thrilled to see the momentum that you now are carrying forward because

...aimed to see the momentum that you now are carrying forward, because when you love the product, you hope that you're not blinded and made a bad investment. But at the same time, you want to give the company the ability to let them hit the market harder, and with a really good market presence, and defining what their marketplace was, instead of changing course every six months, like happened many times before.

Gerry David: Yeah, and we're not, and I can tell you just look at the track record now. Mr. Desantis is a firm believer in this product, and I think he just demonstrated that recently when he converted 4 million dollars of our friendly debt...

Will Lowe: Nah, I would say - following the story from 2009, I would definitely say that he definitely stayed the course, and as an investor in the company he has definitely been friendly to us, to help you move the company forward to the point where it is today, where you have two consecutive - and I applaud you and the CFO for getting to this point, and keeping this brand alive in the marketplace, because definitely we had...

Gerry David: I actually applaud you and the other investors for staying the course with us and getting on the ship. The ship's turned, and now we're trying to gain some steam.

Will Lowe: Well, just, as they would say, steady as you go.

Gerry David: Okay, thank you. Thank you so much.

Will Lowe: Thank you, sir.

Operator: Our next question comes from the line of William Rivera, with Celsius. Please proceed with your question.

William Rivera: Hi, sir, my name is William Rivera, and my question is regarding the shares outstanding. What are you going to do with the shares outstanding, are you going to increase them? My second question is regarding the flavors coming to the United States.

Gerry David: William, this is Gerry. I have a question for you. Are you with Celsius? The company?

William Rivera: Yes, sir.

Gerry David: Okay, where are you located?

William Rivera: No. No, I'm not with the company, I'm just an investor.

Gerry David: Oh, okay. All right. He announced you from Celsius. I wasn't familiar with your name.

I'm sorry, please ask that question again.

William Rivera: Are you thinking of increasing the shares outstanding?

John Fieldly: William, I can answer. This is John Fieldly, the CFO. We just recently increased the number of shares authorized from 50 million to 75 million. Based on the recent round of financing, the outstanding shares of common stock increased from 20.5 million to 38.4 million. So the shares, based on the current strategic financing round which took place, the outstanding shares did increase.

William Rivera: Oh, okay. And regarding the flavors coming to America, are you guys gonna bring more flavors?

Gerry David: Well, here in the US, right now we're focused in on the five that we have. I'm a firm believer we need to sell what we have, not sell the future. I think that we have a lot more growth to happen with our five flavors, and they all resonate very well with the consumer. I always remind, when a salesperson that works for us asks that question, "We gonna have any more flavors?" I say, "Listen, Redbull built an 11 billion dollar company on one flavor. Let's build this company on the five we have." But we are always looking at potentially adding additional flavors, but at the right time. Right? But not right now.

William Rivera: Well, thank you so much, and congratulations, once again.

Gerry David: Thank you.

John Fieldly: Thank you.

Operator: There are no further questions in the queue. I'd like to hand the call back over to management for closing comments.

Gerry David: We'd like to thank everyone for your time today. We really do appreciate your commitment, and support for the business, and without you, we wouldn't be here. So, again, thank you, and we look forward to working on your behalf in the future and let's build the next great company

working on your behalf in the future, and let's build the next great company.

Thank you.

John Fieldly: Thank you.

Operator: Ladies and gentlemen, this does conclude today's teleconference. Thank you for your participation. You may disconnect your lines at this time, and have a wonderful day.

Note: *This article discusses a company whose stock has limited liquidity, due to a low number of publicly-traded shares. You are urged to exercise caution and prudence when considering an investment in such securities, as they entail much greater risks than those stocks that have more adequate liquidity and a much greater number of shares in the public float.*

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38.4 million shares outstanding. I don't think this is factored in yet.

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sure it is. but you should still look at it as if it were 20mm, simply because the cash from the financing has not been used and the strategic benefit of the 3 new partners is of little consequence just 3 weeks after that announcement.

IOW, we don't know what they are planning exactly and how that will goose the financial results. We know about the 18mm shares but we really cant mane a fully educated analysis of the benefits, just the cost.

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ChaseMoney

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CELH/Celsius looks like the Next Monster with consumers increasingly looking for healthier alternatives to sugary soda's it might even be the future of energy drinks. Long and Super Bull here.

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17 May 2015, 7:16 PM



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As long as they execute, it doesn't even have to be. MNST is 250x the market cap so if they only cover 1/10th of that valuation chasm, it is still a 25 bagger, all other things being equal.

I know a lot of people are sitting on the bid 'hoping' for a nice drop here. I don't see 2.50 being breached but we shall see.

Let the market speak.

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